

RESOLUTION NO. 23-2008

Adopted April 15, 2008

AUTHORIZING A TAX INCREMENT LOAN AGREEMENT WITH BALWANTSINH AND LATABEN THAKOR, OWNERS OF THE KEAN HOTEL, FOR AN AMOUNT NOT TO EXCEED \$100,000, PURSUANT TO THE SINGLE ROOM OCCUPANCY HOTEL REHABILITATION LOAN PROGRAM, FOR REHABILITATION ACTIVITIES AT THE KEAN HOTEL LOCATED AT 1018 MISSION STREET; SOUTH OF MARKET REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

1. The South of Market Earthquake Recovery Redevelopment Plan was adopted in 1990 to address the damage from the 1989 Loma Prieta earthquake and to develop and preserve affordable and market rate housing.
2. To accomplish the goal of preserving affordable housing, Agency staff worked with the City Attorney's Office, the South of Market Project Area Committee, the Department of Building Inspection, the SRO Task Force, the Indian Hotel Owners Association, Tenderloin Housing Clinic, tenant representatives, and the San Francisco Rent Board to design a loan program to provide below market rate loans to owners of Single Room Occupancy ("SRO") hotels to subsidize physical improvements of properties on the Sixth Street corridor in exchange for affordability restrictions.
3. The program is known as the SRO Hotel Rehabilitation Loan Program ("Program") and was adopted, as amended, on February 25, 2003, pursuant to Resolution No. 28-2003. The Program's goals are to improve tenant quality of life, extend the useful life of SROs, alleviate blight, and prevent displacement and gentrification through long-term affordability ("Program Goals").
4. The Program is part of the Agency's affordable housing efforts on Sixth Street located within the South of Market Redevelopment Project Area ("Project Area").
5. Agency staff proposes to enter into a loan agreement with Balwantsinh and Lataben Thakor, husband and wife, owners of the Kean Hotel ("Borrowers"), to fund \$100,000 in quality of life improvements to the Kean Hotel located at 1018 Mission Street. All Program loans must be approved by the Citywide Affordable Housing Loan Committee. On March 21, 2008, the Citywide Affordable Housing Loan Committee approved this proposed loan. Pursuant to the Program, any loan exceeding \$50,000 must also be authorized by the Commission.

RESOLUTION NO. 24-2008

Adopted April 15, 2008

AUTHORIZING A FIRST AMENDMENT TO THE OWNER PARTICIPATION AGREEMENT WITH 766 HARRISON, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY, TO ALLOW FOR OFFICE SPACE ON THE GROUND FLOOR OF THE RESIDENTIAL DEVELOPMENT AT 766 HARRISON STREET, LOCATED BETWEEN FOURTH AND LAPU-LAPU STREETS (ASSESSOR'S BLOCK 3751, LOT 153); YERBA BUENA CENTER REDEVELOPMENT PROJECT AREA

BASIS FOR RESOLUTION

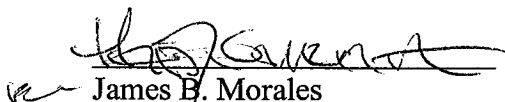
1. On December 20, 2005, the Agency Commission approved an Owner Participation Agreement (the "OPA") with Baker Hamilton Properties, LLC, a California limited liability company ("Baker Hamilton"), together with a schematic design for a proposed new eight-story, 98-unit, single-room-occupancy ("SRO") residential project with 4,500 square feet of retail, a 581-square-foot side yard, 4,370 square feet of common resident open space on a roof deck, and required parking (collectively, the "Development").
2. The Development is located at 766 Harrison Street (the "Site") in the Yerba Buena Center Redevelopment Project Area.
3. On August 28, 2006, Baker Hamilton conveyed the Site to 60 Rausch, LLC, a California limited liability company; 73 Sumner, LLC, a California limited liability company; and 766 Harrison, LLC, a California limited liability company (collectively, the "Tenants in Common"). Thereafter, on February 12, 2008, the Tenants in Common conveyed the Site to 766 Harrison, LLC, a California limited liability company (the "Owner").
4. Under the OPA, the Owner was required to construct 4,500 square feet of retail space on the ground floor of the Development for a single restaurant business. However, after marketing this space for many months, the Owner has determined that it is too large for prospective tenants. Therefore, under the proposed First Amendment, the Owner would be allowed to subdivide the 4,500-square-foot retail space into five separate commercial spaces. The subdivided space will consist of one retail space of approximately 1,400 square feet facing Harrison Street, and four office spaces ranging in size from 230 to 760 square feet with a separate entry on Rizal Street. The Owner intends to lease both the retail and office space for now, but may eventually sell the 4,500-square-foot space as a condominium(s).

5. The Development, as proposed, complies with the requirements of the Yerba Buena Center Redevelopment Plan and the City and County of San Francisco's Planning Code and it is in compliance with the Agency's Housing Participation Policy. Ten of the 98 SRO residential units will be affordable housing units.
6. On December 20, 2005, the Agency Commission adopted Resolution No. 209-2005, adopting the Negative Declaration prepared for the Development pursuant to the requirements of the California Environmental Quality Act ("CEQA"). The Negative Declaration found that the Development will not have significant effect on the environment based on CEQA Guidelines Sections 15064, 15065, and 15070. The Negative Declaration included specific mitigation measures related to construction traffic and construction air quality that were adopted as part of the Development. Implementation of the mitigation measures ensures that no significant environmental impacts would occur. Agency staff has reviewed the proposed changes to the ground floor of the development, whereby the ground floor commercial space would be divided into smaller commercial (retail and office) spaces and finds the proposed changes to be within the scope of the project analyzed in the Negative Declaration.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute a First Amendment to the Owner Participation Agreement and related documents with 766 Harrison, LLC, a California limited liability company, to allow office space on the ground floor of the residential development at 766 Harrison Street, located between Fourth and Lapu-Lapu Streets (Assessor's Block 3751, Lot 153) in the Yerba Buena Center Redevelopment Project Area, substantially in the form lodged with the Agency General Counsel.

APPROVED AS TO FORM:


James B. Morales
Agency General Counsel